

MARION TOWNSHIP, OSCEOLA COUNTY

MARION, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Marion Township	County Osceola
Audit Date 3/31/04	Opinion Date 6/23/04	Date Accountant Report Submitted to State: 8/16/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

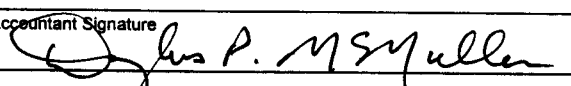
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter and Bishop, P.C.			
Street Address 134 W. Harris Street	City Cadillac	State MI	ZIP 49601
Accountant Signature  John P. McMullen C.P.A.		Date 8/13/04	

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

MARCH 31, 2004

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MARION, MICHIGAN

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

June 23, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Marion Township
Osceola County
Marion, Michigan

We have audited the accompanying general-purpose financial statements of Marion Township, Osceola County, Marion, Michigan, as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Marion Township, Osceola County, Marion, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter and Bishop, P.C.

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
ALL FUND TYPES AND ACCOUNT GROUP

MARCH 31, 2004

	GOVERNMENTAL FUND TYPE	FIDUCIARY FUND TYPE	ACCOUNT GROUP	TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	AGENCY FUND	GENERAL FIXED ASSETS	
<u>ASSETS</u>				
Cash				
Commercial Account	\$ 50,344	\$ 126	\$ 0	\$ 50,470
Certificates of Deposit	92,754	0	0	92,754
Taxes Receivable	4,095	0	0	4,095
Land	0	0	41,000	41,000
Land Improvements	0	0	28,061	28,061
Buildings	0	0	16,000	16,000
Building Improvements	0	0	4,349	4,349
Machinery and Equipment	0	0	54,012	54,012
Furniture and Fixtures	0	0	7,159	7,159
TOTAL ASSETS	\$ 147,193	\$ 126	\$ 150,581	\$ 297,900
<u>LIABILITIES AND EQUITY</u>				
<u>LIABILITIES</u>				
Deferred Revenue	\$ 4,095	\$ 0	\$ 0	\$ 4,095
Payroll Withholdings	160	0	0	160
Total Liabilities	\$ 4,255	\$ 0	\$ 0	\$ 4,255
<u>EQUITY</u>				
Investment in General				
Fixed Assets	\$ 0	\$ 0	\$ 150,581	\$ 150,581
Balance				
Unreserved	142,938	126	0	143,064
Total Equity	\$ 142,938	\$ 126	\$ 150,581	\$ 293,645
TOTAL LIABILITIES AND EQUITY	\$ 147,193	\$ 126	\$ 150,581	\$ 297,900

The accompanying notes are an integral part of these financial statements.

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes	\$ 38,231
State Grants	50,919
Charges for Services	9,500
Interest and Rents	7,524
	<hr/>
Total Receipts	\$ 106,174

DISBURSEMENTS

Legislative	
Township Board	\$ 2,464
General Government	
Supervisor	2,443
Elections	250
Assessor	13,136
Clerk	7,105
Board of Review	881
Treasurer	8,307
Building and Grounds	3,643
Cemetery	30,087
Public Safety	13,155
Public Works	2,500
Recreation and Cultural	744
Other Functions	9,939
	<hr/>
Total Disbursements	\$ 94,654

Excess of Receipts Over (Under) Disbursements	\$ 11,520
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<u>BALANCE</u> - April 1, 2003	<hr/> 131,418
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<u>BALANCE</u> - March 31, 2004	\$ <u><u>142,938</u></u>
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The accompanying notes are an integral part of these financial statements.

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 33,000	\$ 38,231	\$ 5,231
State Grants	52,000	50,919	(1,081)
Charges for Services	6,500	9,500	3,000
Interest and Rents	9,500	7,524	(1,976)
Other Receipts	1,000	0	(1,000)
Total Receipts	\$ 102,000	\$ 106,174	\$ 4,174
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 2,600	\$ 2,464	\$ 136
General Government			
Supervisor	2,500	2,443	57
Elections	500	250	250
Assessor	18,000	13,136	4,864
Clerk	7,201	7,105	96
Board of Review	1,200	881	319
Treasurer	8,500	8,307	193
Building and Grounds	3,750	3,643	107
Cemetery	33,000	30,087	2,913
Public Safety	15,000	13,155	1,845
Public Works	20,000	2,500	17,500
Recreation and Cultural	800	744	56
Other Functions	11,050	9,939	1,111
Total Disbursements	\$ 124,101	\$ 94,654	\$ 29,447
Excess of Receipts Over (Under) Disbursements	\$ (22,101)	\$ 11,520	\$ 33,621
<u>BALANCE - April 1, 2003</u>	131,418	131,418	0
<u>BALANCE - March 31, 2004</u>	\$ 109,317	\$ 142,938	\$ 33,621

The accompanying notes are an integral part of these financial statements.

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Marion Township is a general law township located in Osceola County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund type:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

(I) The Township authorizes its treasurer to invest funds as follows:

- a. In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (II).
- c. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.
- d. In repurchase agreements consisting of instruments listed in subdivision (a).
- e. In bankers' acceptances of United States banks.
- f. In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.
- g. Mutual funds registered under the investment company act of 1940, title I chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

- i. The purchase of securities on a when-issued or delayed delivery basis.
 - ii. The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - iii. The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
 - h. In obligations described in subdivision (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
 - i. In investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.11 to 129.118.
 - j. In the investment pools organized under the local government investment pool act, 1986 PA 121, MCL 129.141 to 129.150.
- (II) A public corporation that invests its funds under subsection (I) shall not deposit or invest the funds in a financial institution that is not eligible to be a depository of funds belonging to the state under a law or rule of this state or the United States.
- (III) Assets acceptable for pledging to secure deposits of public funds are limited to assets authorized for direct investment under subsection (I).
- (IV) As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.
2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liabilities recognized are for unremitted payroll tax withholdings.

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Use of Estimates

This presentation of financial statements in conformity with the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

5. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on March 31, 2003, or as amended by the Township board from time to time during the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The Township's deposits and investments are owned by several of the Township's funds. At year-end, the carrying amount of the Township's deposits was \$143,224 and the bank balance was \$143,971, all of which was covered by federal depository insurance.

The carrying amount of the Township's deposits and investments at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Citizen's Bank		
Marion, Michigan		
Interest Bearing		
Commercial Accounts	\$ 50,344	\$ 126
Certificates of Deposit	92,754	0
	<hr/>	<hr/>
TOTAL	\$ 143,098	\$ 126
	<hr/> <hr/>	<hr/> <hr/>

B. Changes in General Fixed Assets

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 41,000	\$ 0	\$ 0	\$ 41,000
Land Improvements	22,275	5,786	0	28,061
Buildings	16,000	0	0	16,000
Building Improvements	4,349	0	0	4,349
Machinery and Equipment	54,012	0	0	54,012
Furniture and Fixtures	7,159	0	0	7,159
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 144,795	\$ 5,786	\$ 0	\$ 150,581
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

IV. OTHER INFORMATION

A. Property Tax Administration Fee

The Township passed a resolution on March 26, 1983, to charge a 1% administration fee on all ad valorem taxes levied after this date. Also, a late penalty fee of 3% shall be added after February 14th and shall terminate on the last day of February. The resolution is to continue in force and effect until revoked by the township board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

B. Retirement Plan

The Township has a defined contribution pension plan with Manufacturers Life Insurance Company which covers all township board members, the Sexton and the Assessor. Originally, the annual contribution was 15% of compensation of which 50% was paid by the Township and 50% by the employee. As of August 1, 1997, the annual contribution is 15% of compensation of which 100% is paid by the Township. Participants may make voluntary after-tax contributions, in amounts ranging from 1% to 10% of compensation. The Township's 2003-2004 contribution amounted to \$3,038. There is no age or service requirements to participation in the plan. Normal retirement age under the plan is 65. Early retirement is permitted at any time after attainment of age 55.

For purposes under the plan, including the allocation of employer contributions, compensation means the basic annual rate of compensation, not including bonuses and overtime, in effect at the beginning of each plan year. For the 2003-2004 year, covered compensation was \$17,000 and total of all wages including noncovered wages was \$38,808.

C. DDA/Tax Increment Finance Authority

The Village of Marion has established a Tax Increment Finance Authority and a Downtown Development Authority which levies taxes on the increase in the state equalized valuation of all real and personal property within their boundaries. The increase is calculated by subtracting the base year state equalized valuations from 1990 from the current year state equalized valuations. The millage rate applied to this increase is the total of the millage rates of County and Township which levy taxes within the Village. For 2003 tax roll the Township collected and remitted \$11,370 to the Downtown Development Authority, on a captured taxable value of \$1,126,228.

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

D. Fire Protection Contract

The Township contracts with the Marion Community Fire Department for fire protection. The Township pays the equivalent of .5 mill annually to the Fire Department for this protection. For the year 2003-2004, a total of \$13,155 was paid to the Fire Department for fire protection. The Village of Marion maintains the records for the Fire Department.

E. Interest Income and Expense

- A. For the year ended March 31, 2004, interest income on deposits and investments, and interest expense is summarized as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 1,401	\$ 0

NOTE - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is included in General Fund interest above.

F. Property Taxes

The Township levied .9261 mills in tax on a state taxable value of \$28,110,253 on the 2003 tax roll. The Downtown Development Authority captured taxable value of \$1,126,228, or a tax of \$1,043, leaving a net tax to the Township of \$24,984.

The date of the levy was 12/1/03 at which time the taxes become an enforceable lien against the property. Taxes are due and payable to the township treasurer on or before February 28. After February 28, the property taxes are payable to the Osceola County Treasurer. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied. The Township's portion of delinquent property taxes receivable is recognized as an asset. The taxes receivable are also recorded as deferred revenue and the tax collections are recorded as cash receipts when collected.

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

G. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required.

The Township continues to carry insurance for other risks of loss, including and fidelity bonds.

H. Current Tax Collection Fund Balance

The balance of \$126 remaining in the current tax collection fund at March 31, 2004, consists of interest earnings which are payable to the Township general fund.

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

GENERAL FUND
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 50,344
Certificates of Deposit	92,754
Taxes Receivable	<u>4,095</u>
TOTAL ASSETS	\$ <u>147,193</u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 4,095
Payroll Withholdings	<u>160</u>
Total Liabilities	\$ 4,255

EQUITY

Balance	
Unreserved	<u>142,938</u>
TOTAL LIABILITIES AND EQUITY	\$ <u>147,193</u>

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

STATEMENT 2

GENERAL FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 33,000	\$ 38,231	\$ 5,231
State Grants	52,000	50,919	(1,081)
Charges for Services	6,500	9,500	3,000
Interest and Rents	9,500	7,524	(1,976)
Other Receipts	1,000	0	(1,000)
Total Receipts	\$ 102,000	\$ 106,174	\$ 4,174
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 2,600	\$ 2,464	\$ 136
General Government			
Supervisor	2,500	2,443	57
Elections	500	250	250
Assessor	18,000	13,136	4,864
Clerk	7,201	7,105	96
Board of Review	1,200	881	319
Treasurer	8,500	8,307	193
Building and Grounds	3,750	3,643	107
Cemetery	33,000	30,087	2,913
Public Safety	15,000	13,155	1,845
Public Works	20,000	2,500	17,500
Recreation and Cultural	800	744	56
Other Functions	11,050	9,939	1,111
Total Disbursements	\$ 124,101	\$ 94,654	\$ 29,447
Excess of Receipts Over (Under) Disbursements	\$ (22,101)	\$ 11,520	\$ 33,621
<u>BALANCE</u> - April 1, 2003	131,418	131,418	0
<u>BALANCE</u> - March 31, 2004	\$ 109,317	\$ 142,938	\$ 33,621

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

GENERAL FUND
ANALYSIS OF CASH RECEIPTS

FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$ 20,625	
Delinquent Property Taxes	5,780	
Property Tax Administration Fee	8,333	
Payment in Lieu of Taxes - Swamp Tax	168	
State Summer Tax Administration Fee	3,315	
Dog Licenses	10	
Total Taxes	<u> </u>	\$ 38,231

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		50,919

CHARGES FOR SERVICES

Cemetery Lots and Grave Openings		9,500
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INTEREST AND RENTS

Interest Earnings	\$ 1,401	
Rents and Royalties	6,123	
Total Interest and Rents	<u> </u>	7,524

TOTAL RECEIPTS

\$ 106,174

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

GENERAL FUND
ANALYSIS OF CASH DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages \$ 1,300

Other Services and Charges

Professional Services 425

Printing and Publishing 114

Miscellaneous 625

Total Legislative

\$ 2,464

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages \$ 1,800

Other Services and Charges

Expense Allowance 643 \$ 2,443

Elections

Other Services and Charges

Miscellaneous 250

Assessor

Supplies

Office Supplies \$ 444

Other Services and Charges

Miscellaneous 1,608

Expense Allowance 716

Contracted Services 10,368 13,136

Clerk

Personal Services

Salaries and Wages \$ 4,800

Salaries and Wages - Deputy 1,200

Supplies

Office Supplies 120

Other Services and Charges

Expense Allowance 726

Miscellaneous 259 7,105

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

GENERAL FUND
ANALYSIS OF CASH DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

Board of Review			
Personal Services			
Salaries and Wages	\$	742	
Other Services and Charges			
Printing and Publishing		139	881
Treasurer			
Personal Services			
Salaries and Wages	\$	6,000	
Salaries and Wages - Deputy		400	
Supplies			
Office Supplies		792	
Other Services and Charges			
Expense Allowance		695	
Miscellaneous		420	8,307
Building and Grounds			
Personal Services			
Salaries and Wages	\$	696	
Other Services and Charges			
Public Utilities		2,018	
Miscellaneous		186	
Repairs and Maintenance		683	
Expense Allowance		60	3,643
Cemetery			
Personal Services			
Salaries and Wages	\$	21,870	
Other Services and Charges			
Expense Allowance		30	
Repair and Maintenance		3,550	
Public Utilities		175	
Miscellaneous		1,176	
Capital Outlay - New Well		3,286	30,087
Total General Government			65,852

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

GENERAL FUND
ANALYSIS OF CASH DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2004

PUBLIC SAFETY

Fire Protection

Other Services and Charges

Contracted Services

13,155

PUBLIC WORKS

Capital Outlay

Marion Drain #2

2,500

RECREATION AND CULTURAL

Library

Other Services and Charges

Aid to Other Governments

744

OTHER FUNCTIONS

Insurance and Bonds

\$ 5,169

Employee Benefits

Medicare and Social Security

\$ 1,732

Pension Contribution

3,0384,770

Total Other Functions

9,939

TOTAL DISBURSEMENTS

\$ 94,654

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

CURRENT TAX COLLECTION FUND
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash on Deposit
Commercial Account

\$ 126

EQUITY

Balance
Unreserved

\$ 126

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections		\$	720,314	
Delinquent Tax Collections			3,453	
Property Tax Administration Fee			8,467	
Overcollections from Taxpayers			96	
Dog License Fees			56	
Total Receipts				\$ 732,386

DISBURSEMENTS

Payments to County Treasurer				
Current Tax				
County	\$	206,455		
State Education Tax		128,224		
Delinquent Tax		1,160		
Dog License Fees		56	\$	335,895
Payments to Village Treasurer				11,370
Payments to Township Treasurer				
Current Tax	\$	20,625		
Delinquent Tax		98		
Property Tax Administration Fee		8,467		29,190
Payments to School Treasurer				
Marion Public Schools				
Current Tax	\$	210,179		
Delinquent Tax		1,722		
McBain Public Schools				
Current Tax		3,044		214,945
Payments to Intermediate School Treasurer				
Wexford-Missaukee Intermediate				
Current Tax		140,417		
Delinquent Tax		495		140,912
Refund to Taxpayers for Overcollections				96
Total Disbursements				732,408
Excess of Receipts Over (Under) Disbursements			\$	(22)
<u>BALANCE - April 1, 2003</u>				148
<u>BALANCE - March 31, 2004</u>			\$	126

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/01/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 41,000	\$ 0	\$ 0	\$ 41,000
Land Improvements	22,275	5,786	0	28,061
Buildings	16,000	0	0	16,000
Building Improvements	4,349	0	0	4,349
Machinery and Equipment	54,012	0	0	54,012
Furniture and Fixtures	7,159	0	0	7,159
	<u>\$ 144,795</u>	<u>\$ 5,786</u>	<u>\$ 0</u>	<u>\$ 150,581</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 144,795</u>	<u>\$ 5,786</u>	<u>\$ 0</u>	<u>\$ 150,581</u>

MARION TOWNSHIP, OSCEOLA COUNTY
MARION, MICHIGAN

STATEMENT OF 2003 AD VALOREM PROPERTY TAX ROLL
MARCH 31, 2004

<u>TAXES ASSESSED</u>	<u>TOTAL</u>	<u>DDA CAPTURE</u>	<u>NET</u>	
County	\$ 257,637	\$ (10,327)	\$ 247,310	
County - State Education Tax	140,549	0	140,549	
County - Drain Commission	2,572	0	2,572	
Village of Marion				
Downtown Development Authority	0	11,370	11,370	
Township	26,027	(1,043)	24,984	
Schools				
Marion Public Schools	247,018	0	247,018	
McBain Rural Agricultural Schools	3,374	0	3,374	
Intermediate School				
Wexford-Missaukee	168,664	0	168,664	\$ 845,841
	<u>\$ 845,841</u>	<u>\$ 0</u>		
<u>TAXES COLLECTED</u>				
County			\$ 204,162	
County - State Education Tax			128,189	
County - Drain Commission			2,293	
Village of Marion				
Downtown Development Authority			11,370	
Township			20,625	
Schools				
Marion Public Schools			210,178	
McBain Rural Agricultural Schools			3,044	
Intermediate School				
Wexford-Missaukee			140,417	<u>720,278</u>
<u>TAXES RETURNED DELINQUENT</u>				
County			\$ 43,148	
County - State Education Tax			12,360	
County - Drain Commission			279	
Village of Marion				
Downtown Development Authority			0	
Township			4,359	
Schools				
Marion Public Schools			36,840	
McBain Rural Agricultural Schools			330	
Intermediate School				
Wexford-Missaukee			28,247	<u>\$ 125,563</u>

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
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JOHN F. TAYLOR, C.P.A.
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SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

June 23, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Marion Township
Osceola County
Marion, Michigan

During the course of our audit of the general-purpose financial statements of Marion Township for the year ended March 31, 2004, we noted the following items which deserve comment:

Investing of Funds

The Township is doing an excellent job of investing. At present, all Township funds are being kept in interest bearing accounts. Interest earnings for the 2003-2004 fiscal year totaled over \$1,401.

Budgeting

The Township is doing an excellent job of complying with Act 621 of the Public Acts of 1978, The Uniform Budgeting and Accounting Act.

General Recordkeeping

The accounting records being maintained for the year ended March 31, 2004, were found to be in good order and in compliance with the State's uniform accounting system. We commend the clerk and treasurer for their fine effort.

Property Tax Administration Fee

As reported in the Note IV. A of the Notes to Financial Statements, the Township is charging a 1% property tax administration fee. The Township has determined that authorized costs of tax collection will be repeatedly in excess of revenue generated by the administration fee but has not formally taken action to write off this loss. We recommend that the Township keep subsidiary records which reflect property tax administration fee collections and costs and that the board pass a motion to write off the loss annually.

GASB 34

The Governmental Accounting Board has issued statement number 34 which significantly changes the financial statement presentation for governmental entities following accounting principles generally accepted in the United States of America. We will assist the Township in determining the effect of GASB 34 on its financial statements when the implementation date of March 31, 2005, comes closer.

We would like to thank the board for its continued confidence in our firm and thank the township clerk and treasurer for their courtesy and cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P. C.

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June 23, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Marion Township
Osceola County
Marion, Michigan

In planning and performing our audit of the general-purpose financial statements of Marion Township, Osceola County, Marion, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter and Bishop, P.C.